

Road to Net-Zero

with **boxfish**

ESOS

What you need to know



WHAT IS THE ENERGY SAVINGS OPPURTUNITY SCHEME?

The Energy Savings Opportunity Scheme (ESOS) makes 'energy audits' mandatory for big companies. It requires participants to carry out an assessment of their energy use, across their buildings, transport and industrial operations.

WHAT DOES IT MEAN IN PRACTICE?

An auditor will need to review your organisation's energy data (using 12 months of data) and survey your sites (using energy consumption profiling), in order to understand where energy is used – and wasted. Based on this information, the auditor will draw up a list of recommendations on how your organisation could save energy.

An annual turnover of
£44M
or more

An annual balance sheet of
£38M
or more

250 Employees
or more



WHO DOES IT AFFECT?

ESOS affects "large UK undertakings" and their corporate groups. This means most businesses, not-for-profit bodies and other non-public-sector organisations will need to comply if they:

- **Employ 250 or more people**
- **Have an annual turnover in excess of £44 million and an annual balance sheet total in excess of £38 million**

The scheme largely excludes the public sector organisations that must adhere to the UK Public Contracts Regulations 2006 (England, Wales and Scotland). In addition, if you have ISO 50001, you can be exempt from reporting under ESOS although you will still need to submit a notification to the Environment Agency.

WHAT IF MY ORGANISATION IS PART OF A GROUP?

A smaller undertaking will also qualify if it is part of a larger group which contains at least one "large undertaking" that qualifies. Where a corporate group participates in ESOS, unless otherwise agreed, the highest UK parent will act as the 'responsible undertaking' and be responsible for ensuring the group as a whole complies with the requirements of ESOS.





WHAT ARE THE KEY DATES FOR ESOS 3?

ESOS works on a four-year cycle with the qualification date for Phase 3 being 31 December 2022. If you qualify on this date you need to prepare and submit your response by 05 December 2023.

WHO IS ESOS REGULATED BY?

The Environment Agency administers the scheme for the UK and regulates the scheme in England. The Scottish Environment Protection Agency, Northern Ireland Environment Agency and Natural Resources Wales regulate the scheme in their own countries. Offshore, ESOS is regulated by the Secretary of State for Business, Energy and Industrial Strategy.

Qualification Date

31 Dec
2022

Compliance Date

05 Dec
2023

DOES ESOS INVOLVE AUDITING ALL OF MY ORGANISATION'S ENERGY CONSUMPTION?

95% of total energy usage ("areas of significant energy consumption") is required to be included in the ESOS assessment, but this can be defined by the participant in a variety of ways (by type of fuel, by site, by part of an organisation, etc.), provided that a rational approach has been adopted.



WHAT TYPE OF RECOMMENDATIONS WILL BE MADE UNDER ESOS?

Recommendations will be specific to your organisation, and there will be an emphasis on what is most cost-effective and practical. However, common recommendations may include insulation, building controls improvements, lighting upgrades and sub metering installation and monitoring.

ARE THERE PENALTIES IF I FAIL TO COMPLY?

Yes. The EA has recently strengthened its enforcement approach and says it will impose penalties for each separate breach of the ESOS regulations:

- 1 FAILURE TO NOTIFY:** An initial penalty up to £5,000, plus a daily penalty of up to £500 for each working day the organisation remains in breach. This penalty will apply regardless of whether (or not) the organisation has undertaken an energy audit.
- 2 FAILURE TO MAINTAIN RECORDS:** An initial penalty of up to £5,000, plus a “sum representing the cost to the compliance body of confirming that the responsible undertaking has complied with the scheme”. The organisation must also take steps to remedy the breach.
- 3 FAILURE TO UNDERTAKE AN ENERGY AUDIT:** An initial penalty of up to £50,000, plus a daily penalty of up to £500 for each working day the organisation remains in breach. The organisation must also take steps to remedy the breach. Note that there is a more lenient approach for new entrants with a lower initial penalty of £5,000.
- 4 FAILURE TO COMPLY WITH AN ENFORCEMENT/ PENALTY NOTICE:** An initial penalty of up to £5,000; plus up to £500 for each working day the organisation remains in breach.
- 5 FALSE OR MISLEADING STATEMENT:** up to £50,000.

WILL THE NON-COMPLIANCE BE MADE PUBLIC?

Yes. If you don't comply, it is likely that the name of your organisation, the amount you were fined and the reason for the penalty will be published on the Environment Agency website.



WILL I BE FINED IF I DON'T IMPLEMENT THE ENERGY-SAVING RECOMMENDATIONS?

No. Only the assessment is mandatory, not implementing the recommendations. However, putting in place these energy-efficiency measures represents an important way to recoup the cost of the audit.

CAN ANYONE IN MY ORGANISATION OVERSEE THE ESOS ASSESSMENT?

No. The ESOS process needs to be overseen by a Lead Assessor who is a member of an approved professional body register. An in-house employee will either need to apply to one of these approved bodies, or you'll need to work with an external consultant, such as Boxfish.



HOW CAN BOXFISH HELP?

Our team of experts will guide you through the ESOS process, making sure assessments are properly carried out, provide you with a report of energy-saving recommendations and make your business ESOS compliant.

#TheBoxfishWay

GET IN TOUCH

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